

MINUTES  
**JOINT FINANCE-APPROPRIATIONS COMMITTEE**

**DATE:** Friday, January 11, 2019

**TIME:** 8:00 A.M.

**PLACE:** Room C310

**MEMBERS PRESENT:** Senators Co-chairman Bair, Johnson, Lee, Agenbroad, Crabtree, Grow, Burtenshaw, Woodward, Ward-Engelking, Nye

Representatives Co-chairman Youngblood, Horman, Anderson, Amador, Kauffman, Syme, Troy, Wintrow, Toone

**ABSENT/  
EXCUSED:** Rep. Raybould

**CONVENED:** **Chairman Youngblood** called the meeting to order at 8:00 am.

**PRESENTER:** **Rep. Wendy Horman**, Co-chairman of the Economic Outlook and Revenue Assessment Committee (EORAC).

**Rep. Horman** reported the Committee reviewed and analyzed business, tax, financial data, and trends relating to the state's economy, and obtained testimony from economic, business, and industry experts regarding those aspects of the state's economy and revenues. Rep. Horman continued the Committee recommends revenue of \$3,750.3 million dollars for fiscal year 2019 and \$3,964.2 million dollars forecasted for fiscal year 2020.

**Senator Johnson** requested unanimous consent the Joint Finance Appropriations Committee (JFAC) accept the report from the Economic Outlook and Revenue Assessment Committee (EORAC). **Co-chairman Youngblood** called for any objections; hearing no objections, it was so ordered.

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**AGENCY PRESENTATION:** **Idaho Tax Commission**

**Chairman Roberts** introduced his fellow Commissioners, **Tom Katsillometes, Elliot Werk and Janet Moyle**. Other introductions were **Mark Poppler and Glenda Smith** from the Financial Offices.

**Chairman Roberts** gave an overview of what the Tax Commission mission is. Mr. Roberts continued the Tax Commission administers the tax laws in an accurate, fair, timely and cost effective manner to benefit all Idaho citizens. Mr. Roberts stated the Governor approved the publishing of the Idaho specific W-4 form, which is a shorter and simpler form to help tax payers figure their appropriate tax withholding level. The Tax Commission is the revenue tax collector for the General Fund. There are eighteen tax types and approximately 70% of the revenue comes in electronically and the other 30% is from cash and checks.

**Chairman Roberts** continued the Tax Commission does provide services and over site to the counties in performing their property tax responsibilities to help ensure uniform assessment and fairness in tax through out the state. Mr. Roberts continued that there are approximately 459 authorized positions state wide and they are growing at only half the rate of the population growth for the State of Idaho. There are five major divisions in the agency; Audit, Collections, Revenue Operations, Property Tax and General Services and there are five field offices through out the state.

**Chairman Roberts** updated the Committee on the Tax Commission fraud protection & ID theft software and explained that there are several tools on the website to help taxpayers.

**Chairman Roberts** reported the Tax Commission is in the process of moving to the HP campus and the move should be completed by the end of October.

**LSO STAFF  
PRESENTATION:**

**Keith Bybee, Deputy Manager LSO, Budget & Policy Analysis**

**Mr. Bybee** stated the Tax Commission has five budgeted programs and they are mostly funded by the General Fund and also receive funding from the Multi-state Tax Compact fund and Administration Accounting Fund. Mr. Bybee reviewed the actual expenditures of FY 2018 and the current FY 2019 JFAC action.

**Chairman Roberts** reviewed the two line items for FY 2019 as follows: 1) Automated Systems Coordinator position was filled in early July 2019. This position helps the accounting staff stay current with documenting, testing, and explain quarterly updates. 2) The three positions in the Collection Division helps address the increase in accounts receivable and collection cases. Mr. Bybee continued his review of the FY 2020 budget requests and Governor's recommendations. Chairman Roberts addressed the following requests: 1) Additional Moving Costs, expenses that were not anticipated 2) Trailer to **H#492** of 2018, and 3) Property Tax Education.

**Mr. Bybee** reviewed the following budget by decision unit; 1) The replacement items, which are on a five year replacement cycle. 2) Annualizations, the Governor did recommends an annualization for the technical records specialist but does not recommend the LUMA coordinator in General Services.

**Chairman Roberts** discussed the following FY 2020 Program Maintenance requests: 1) Improve Field Office Security, this will bring the last two field offices up to safety standards, 2) Batch Monitoring Services, will increase efficiency, 3) Additional Processing Staff, these positions' workload increases are proportionately related to population growth in the state, 4) Taxpayer Services Positions, this position is moving from halftime to a full-time position, 5) Additional Auditors, these positions will help increase voluntary tax compliance,

**Mr. Bybee** discussed the Commissioner CEC stating the salaries are set by statute.

**Mr. Alex Adams and Mr. Jeff Weak** reviewed the GOV TECH Network Equipment Replacement and Modernization programs. The goal is to increase security, drive efficiency and save money.

**Mr. Bybee** concluded they will need re-appropriation authority granted by JFAC for the move to the Chinden campus from the 2019 budget to the 2020 budget.

**Co-Chairman Bair** requested from **Mr. Adams** a summary list pertaining to the transfers from inside agencies to ITS.

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**AGENCY  
PRESENTATION:**

**Director of the Board of Tax Appeals**

**Director Steve Wallace** introduced the board members and his staff. Director Wallace continued that the Board of Tax Appeals provides taxpayers a popular means to bring appealed tax assessments before a fully independent and judicial-like body and is a fully independent body not subject to the supervision or control of the State Tax Commission.

**LSO STAFF  
PRESENTATION:**

**Keith Bybee, Deputy Manager LSO, Budget & Policy Analysis**

**Mr. Bybee** reviewed the actual expenditures of FY 2018, the budget for FY 2019, and the budget requests and the Governor's recommendations for FY 2020. For FY 2018 the Board of Tax Appeals spent a total of \$577,200 of their original appropriation, \$606,700. For FY 2019 the Board of Tax Appeals did not have any requested line items. Mr. Bybee continued with his review of the Historical Summary, which is a three year look of expenditures and what the Governor's request is for the current fiscal year.

**Director Wallace** commented on the FY 2019 appropriation and annualization for FY 2020 stating the appropriation for FY 2019 is for an increase in operating expenditures to pay for the cost of a new lease at a new location and the supplemental in FY 2020 is also for the new leased office space for the remainder of FY 2020. In response to committee questions, Director Wallace, stated the agency has a large number of bench marks and some of those bench marks are not achievable due to different circumstances.

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**SPECIAL  
HEARING:**

**Chairman Idaho Tax Commission**

**Chairman Ken Roberts** stated there are substantial tax changes that are affecting the tax payers and their need to realign their tax withholding. Chairman Roberts continued to explain the following: 1) effects on taxpayer's withholding of doubling the standard deduction, 2017 to 2018, and 2) loss of personal exemptions impact on withholding 2017 to 2018. Chairman Roberts explained the Idaho State Tax Commission 2010-2018 historical fiscal year-to-date sales tax revenue distributed to the General Fund and the anticipated FY 2019 revenues, the total revenue distributed to the General Fund and the anticipated FY 2019 revenues, FY 2018 & 2019 monthly refunds from the Refund Fund, Idaho Department of Labor Quarterly wages & Idaho State Tax Commission quarterly withholding receipts from 2009 with 2019 & 2020 projection, FY 2019 individual Income Tax General Fund impact, the General Fund estimates for FY 2019-2020.

In response to committee questions, **Chairman Roberts** stated it is required by Idaho law that written permission is needed giving authority for their legislator to discuss their personal tax issue.

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**AGENCY PRESENTATION: Idaho State Treasurer**

**State Treasurer Julie Ellsworth** gave an overview of the functions the State Treasurer's Office is in charge of administering.

**LSO STAFF PRESENTATION: Maggie Smith, Budget Analyst** reviewed the actual expenditures of FY 2018, FY 2019 JFAC action noting there were no line item requests and there was one trailer appropriation, the comparative summary noting the agency request and the Governor's recommendations. Ms. Smith stated the agency requested intent language to be included in its FY 2020 appropriation bill.

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**AGENCY PRESENTATION: Idaho Secretary of State**

**Secretary of State Lawrence Denney** gave an overview on the election systems upgrade to put the statewide voter registration system on a GIS platform; the Federal government completed their funding of the Help America Vote Act and gave the state a \$3.2 million grant which is to be used for election systems upgrades and cyber security issues related to elections. The entire upgrade is under contract and should be completed in time for the Presidential Primary Election in 2020. Secretary of State Denney continued the focus this year will be on cyber security and they will be requesting two FTE's.

**LSO STAFF PRESENTATION: Maggie Smith, Budget Analyst** reviewed the actual expenditures of FY 2018 and there was a one-time carryover re-appropriation from the previous year, FY 2019 JFAC action, five line items were funded and one trailer appropriation. In FY 2020 there were seven line item requests with five having the Governor's recommendation.

**Secretary of State Denney** reviewed the following requests for FY 2020: 1) Cyber Security Policy Analyst, this is for one FTP and \$98,600, 2) Communication Coordinator, this is for one FTP and \$73,800, which is not recommended by the Governor, 3) Elections System Maintenance, request is for \$90,000 in ongoing operating expenditures for the new election system and voter registration database, this is not recommended by the Governor, 4) Increase Operating Expenditures to address deferred increase requests in operating expenditures, 5) Federal HAVA Grant Match required to provided a 5% cash or in-kind matching contribution by March 2020, 6) Publication of Idaho Blue Book, \$40,000 onetime from the General Fund to offset the cost of publishing the Idaho Blue Book, and 7) Conference Costs, \$12,700 in onetime expenditures to attend the annual National Conference of Commissioners on Uniform State Laws.

In response to committee questions, **Secretary of State Denney** stated they are now same day or next day wait time on the filings; there was a transition period. The salary for the Communication Coordinator is being paid from the HAVA funds but can't be used for ongoing wages. Secretary of State Denney stated Microsoft offers a G5 for security.

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**AGENCY**                    **Industrial Commission**

**PRESENTATION:**

**Chairman Thomas Limbaugh** stated the Industrial Commission administers the Workman Compensation Law under Title 72 Idaho Code. Chairman Limbaugh continued there are four divisions, 1) Compensation, 2) Rehabilitation, 3) Crime Victims Compensation, and 4) Adjudication.

**LSO STAFF**

**PRESENTATION:**

**Maggie Smith, Budget Analyst** reviewed the actual expenditures of FY 2018, FY 2019 JFAC action, there were two supplementals, no line item requests and there were two trailer appropriations. In FY 2020 there are five requested line items, all were recommended by the Governor. Ms. Smith continued the Governor recommended a 3% salary increase for commissioners and three requests for the Governor’s IT initiative.

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**ADJOURN:**

There being no further business to come before the Committee, **Chairman Youngblood** adjourned the Committee at 10:45 am.

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Representative Youngblood  
Chair

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Donna Warnock  
Secretary